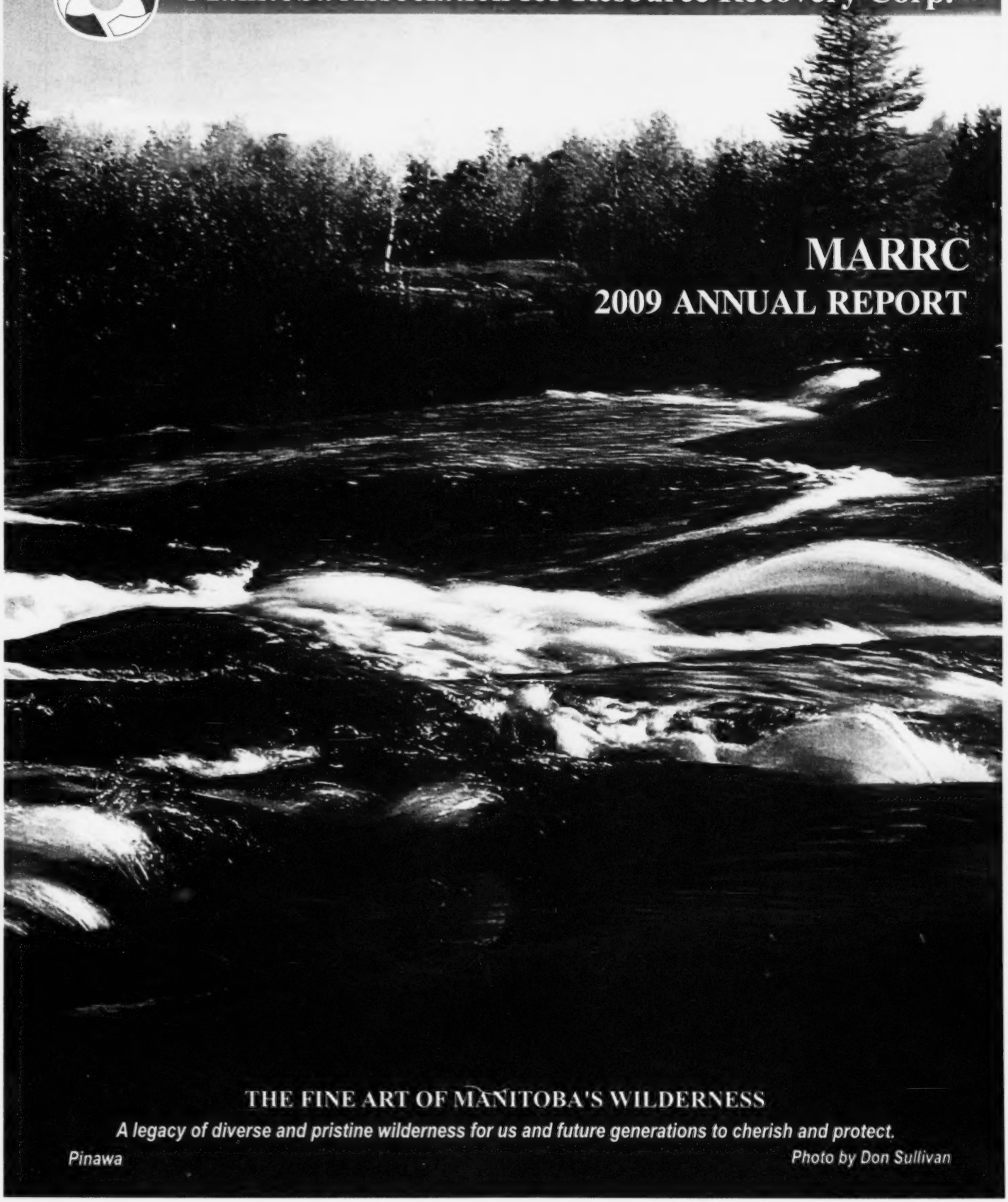
Manitoba Association for Resource Recovery Corp.

MARRC
2009 ANNUAL REPORT



THE FINE ART OF MANITOBA'S WILDERNESS

A legacy of diverse and pristine wilderness for us and future generations to cherish and protect.

Pinawa *Photo by Don Sullivan*

Board of Directors

Joe Casciano, Canadian Tire Corporation, Limited
Chairman

Keith Micklash, Magnum Oil Mb. Ltd.
Secretary-Treasurer

Richard Waller, Imperial Oil
Director

Paul Miller, Shell Canada Products
Director

Keith Penner, Affinia Canada Corp.
Director

Lutz Ehrentraut, Representing the Public
Director

Legal Counsel

Fillmore Riley, Barristers & Solicitors

Auditors

PricewaterhouseCoopers LLP, Chartered Accountants

Staff

Ron Benson - Executive Director
Aaron Strub - Administrative Services Manager

MARRC Office

35-1313 Border Street
Winnipeg, Manitoba
R3H 0X4

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204-633-9380 fax
1-888-410-1440 info number
www.usedoilrecycling.com website
marrc@mts.net e-mail

Table of Contents

- Overview of MARRC 3
- Letter from Minister of Conservation, Manitoba 4
- Members of MARRC 5
- Highlights of 2009 6
- Collection Activity 12
- EcoCentre Network 14
- Financial Statements 16
- Board of Directors and Staff 28

Annual General Meeting

Tuesday, April 27, 2010
10:00 am

Hilton Suites Winnipeg Airport
1800 Wellington Avenue
Winnipeg, Manitoba
R3H 1B2

Overview of MARRC

The Manitoba Association for Resource Recovery Corp. (MARRC) is a non-profit corporation established in 1997 by manufacturers and marketers of lubricating products in Manitoba. Its mandate is to develop, implement and administer a cost-effective, sustainable, user-financed, province-wide stewardship program for used oil, used oil filters and used oil containers.

MARRC was incorporated under The Corporations Act of Manitoba on April 1, 1997. It operates in accordance with a Letter of Approval issued by Manitoba Environment on February 26, 1998 under Section 7 of the "Used Oil, Oil Filters and Containers Stewardship Regulation" of the Waste Reduction and Prevention Act.

MARRC received a letter of approval dated December 21, 2007 from the Minister of Conservation extending the Stewardship Plan term for an additional five years to December 14, 2012.

The Corporation derives revenue principally in the form of Environmental Handling Charges (EHCs) applied to the sale or consumption of selected lubricating products in Manitoba. The Corporation's primary expenses are related to the:

- establishment and operation of a publicly-accessible network of licensed collection facilities for used lubricating products,
- payment of Return Incentives to companies licensed by the province and registered with MARRC to collect used lubricating products and transfer them to approved processors and end-users,
- payment of Processing Incentives to companies licensed by the province and registered with MARRC to recycle used lubricating products, and
- development and distribution of public education materials.

MARRC's affairs are managed by a six-person Board of Directors drawn from the member companies of MARRC and from other stakeholder organizations.

MARRC Making every drop count

MINISTER OF CONSERVATION

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

DEC 2 1 2007

Mr. Ron Benson
Executive Director
Manitoba Association for
Resource Recovery Corp.
35 – 1313 Border Street
Winnipeg MB R3H 0X4

Dear Mr. Benson:

I am pleased to issue an Approval to the Manitoba Association for Resource Recovery Corp. (MARRC), for a used oil products and material stewardship program. Pursuant to 7(4) of the *Used Oil, Oil Filters and Containers Stewardship Regulation* of *The Waste Reduction and Prevention Act*, this approval expires on December 14, 2012.

This approval is issued under Section 6 of the *Used Oil, Oil Filters and Containers Stewardship Regulation* of *The Waste Reduction and Prevention Act* and is subject to MARRC meeting the following conditions:

1. That MARRC implement the Used Lubricating Products Stewardship Program substantially in accordance with its original Application for Approval dated July 11, 1997 as amended by its submission dated December 1997 and the Applications for Renewal dated June 2002 and August 2007 (the Stewardship Program Plan);

2. That MARRC provide my officials with regular updates as to the progress of MARRC's implementation of the Stewardship Program Plan;

3. That MARRC shall cooperate with my officials and provide such assistance as they may deem necessary so that my officials are able to prepare and provide me with a report no later than June 17, 2011, assessing whether MARRC has implemented the Stewardship Program Plan substantially in accordance with its intent and in accordance with the conditions of this approval for the period up to December 31, 2010;

4. That MARRC submit an application for renewal of this approval by no later than August 31, 2012, to ensure adequate time for public review;

5. That MARRC shall advise my officials about any proposed changes to the details of the plan, prior to making any changes to the Stewardship Program Plan so that my officials may consider whether the proposed changes are inconsistent with the conditions of this approval and in particular whether the proposed changes may impact on the continued effectiveness of the Stewardship Program Plan;

6. That retained earnings shown on the financial statements of MARRC (total revenues less total expenditures), as determined by an external auditor, do not at any time during the term of this approval exceed $3,000,000;

7. That MARRC work with my officials to improve performance in the recovery of containers and maintaining and expanding the collection infrastructure;

8. That where I am not satisfied that MARRC is implementing the plan substantially in accordance with its intent, or where I have concluded, based on such other factors as I or my officials have determined to be relevant in the circumstances, that the plan or these terms of this approval should be amended, then amended conditions may be imposed as deemed appropriate.

Yours sincerely,

Stan Struthers

Stan Struthers
Minister

MARRC - Making every drop count

Members of MARRC

49 North Forwarding Ltd.
AGCO Corporation
AMSOIL Inc.
ATP-Inc.
AUTO-CAMPING Ltd.
Acklands-Grainger Inc.
Advic Bearing and Auto Ltd.
Affinia Canada Corporation
Air BP Canada Ltd.
Airparts Network Ltd.
Altrom Canada Corp.
American Agip Company Inc.
Applied Industrial Technologies Ltd.
Atlas Copco Compressors Canada
BMW Canada Inc.
BOSS Lubricants
Barrett Marketing Group Ltd.
Baldwin Filters Inc.
Beck/Arnley Worldparts, Inc.
BestBuy Distributors Limited
Bombardier Recreational Products Inc.
Bosch Rexroth Canada Corp.
Buhler Versatile Inc.
CG Power Systems Canada Inc.
CNH Canada Ltd.
COMAIRCO LTD.
CORE-MARK International Inc.
CPT Canada Power Technology Limited
CanAgro Exports Inc.
Canadian Pacific Railway
Canada Safeway Limited
Canadian Kawasaki Motors Inc.
Canadian Tire Corporation, Limited
Canwell, Hardware Division
Castrol Canada Inc.
Castrol Industrial North America Inc.
Champion Laboratories, Inc.
Chevron Lubricants Canada Inc.
Chrysler Canada Inc.
Churchill Marine Tank Farm Co.
Cleanair Filter Service
Coastal Blending & Packaging
Costco Wholesale Canada Ltd.
Cummins Western Canada
Daimler Trucks North America LLC
Federated Co-operatives Limited
Ford Motor Company of Canada Ltd.
Fort Garry Industries Ltd.
Fred Deeley Imports Ltd
Fuchs Lubricants Canada Ltd.
G.K. Industries Ltd.
Gates Canada Inc.
General Motors of Canada Limited
Greenland Corporation
Hastings Filters
Henkel Canada Corporation
Home Hardware Stores Limited
Honda Canada Inc.
Honeywell ASCA Inc.
Husky Energy Inc.
Husqvarna Canada Corp.
Hyundai Auto Canada Corp.
Imperial Oil Ltd.
Importations Thibault Ltée
Industrial Truck Service Ltd.
JKL Enterprises Inc.
Jaguar Land Rover Canada
Jimmy Diesel Parts Co.
John Deere Limited
Kia Canada Inc.
Kinecor Inc.
King-O-Matic Industries Limited
Kleen-Flo Tumbler Industries Limited
Kubota Canada Ltd.
Larry Penner Enterprises Inc.
Lemky Rural Repair
Lubricon Industries Canada Limited
MFTA Canada Inc.
Magnum Oil Mb. Ltd.
Manitoba Hydro
Maxim Transportation Services Inc.
Mazda Canada Inc.
Mercedes-Benz Canada Inc.
Midas Canada Inc.
Mid-Canada Filtration Solutions
Midwest Hydraulics Inc.
Mining Technologies International Inc.
Mr. Lube Canada Inc. Partnership
Mitsubishi Motor Sales of Canada, Inc.
Modern Sales Co-op
Motion Industries (Canada) Inc.
Motor Coach Industries Limited
Motovan Corporation
Navistar Canada Inc.
NamCo Resources Ltd.
New Flyer Industries Ltd.
Newalta Corporation
Nissan Canada Inc.
Northern Industrial & Auto Ltd.
Nynas Canada Inc.
Oak Point Auto Distributors
Oil Depot Limited
Oil Mart Ltd.
Outboard Rebore/Alline Supply Inc.
PACCAR Parts, A Division of Paccar of Canada, Ltd
PSC-Power Source Canada Ltd.
Parker Hannifin Canada
Parts Canada
Pennzoil-Quaker State Canada Inc.
Petro-Canada Lubricants Inc.
Polaris Industries Inc.
Porsche Cars North America Inc.
Precambrian Wholesale Limited
Prévost, a Division of Volvo Group Canada Inc.
Radiator Specialty Company of Canada Ltd.
Robert Bosch Inc.
SC CLS Holding ULC
SMS Equipment Inc.
Safety-Kleen Canada Inc.
Sears Canada Inc.
7-11 Canada
Shell Canada Products Ltd.
Southwestern Petroleum Canada Ltd.
Subaru Canada Inc.
Suzuki Canada Inc.
Tex Lubricants
Texas Refinery Corp. of Canada Limited
The North West Company Inc.
Toromont Industries Ltd.
Toyota Canada Inc.
TruServ Canada Inc.
UAP Inc.
USI - AGI Prairies Inc.
Valvoline Canada Ltd.
Vermeer Canada Inc.
Viscosity Oil Company
Volkswagen Canada Inc.
Volvo Cars of Canada Corp.
Volvo Group Canada Inc.
Wainbee
Wajax Industries Limited
Wakefield Canada Inc.
Wallace & Carey Ltd.
Wal-Mart Canada Inc.
Waterous Power Systems
Wesicon Equipment & Rentals Ltd.
Westec Distributors Inc.
Western Turbo & Fuel Injection Ltd.
Westfair Foods Ltd.
Westfalia Surge Inc.
Worldpac Canada Inc.
Yamaha Motor Canada Ltd.
Yetman's Ltd.
Zellers / Hudson's Bay Co.

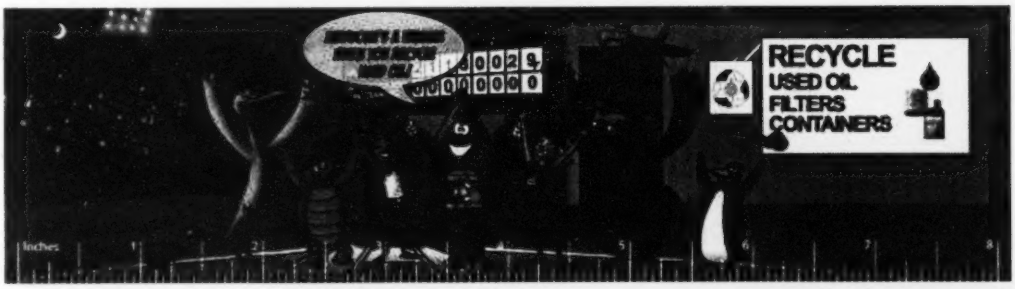
Highlights of 2009

Initiatives drive awareness and support.

Colouring Promotion Grades K-6

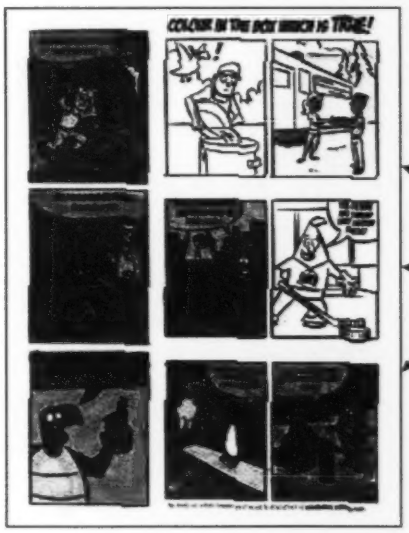
MARRC developed locally its fifth colouring promotion for school grades K-6 throughout Manitoba. The Department of Education assisted by distributing the "Attention Teachers" Poster to those schools in Manitoba. A sample of the colouring poster is shown below. MARRC is very proud of the results. 4,630 students from 61 rural and 47 Winnipeg schools participated. Students were also encouraged to participate in the EcoSchool animation on the website. They were rewarded with a Bookmark, a Mr. Oil Drop Toque and a Used Oil Recycling Notebook.

Bookmarks



Front

Back



One of 4,630 Submissions
(Colouring by Students - required to colour the correct box)

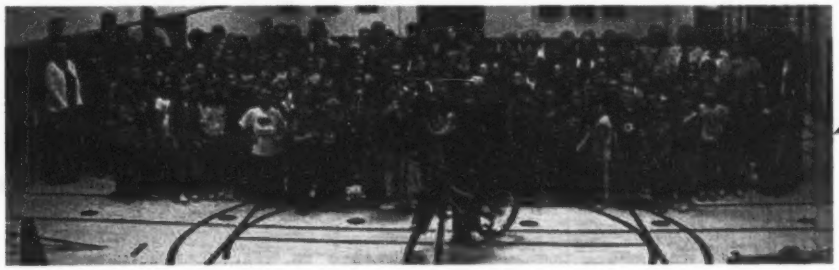
Teacher's Poster

Highlights of 2009

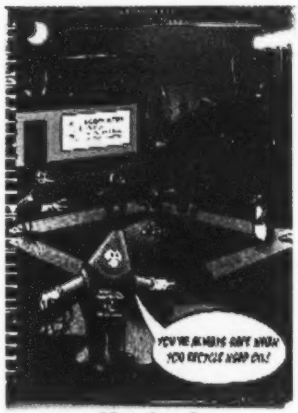
Coverage in Winnipeg Free Press and posted on MARRC website

Colourful Recyclers
Win Big Prizes!
THE MANITOBA ASSOCIATION FOR RESOURCE RECOVERY CORP. (MARRC)...
4630 students entered the Used Oil Recycling Contest from a total of 108 schools (61 rural and 47 Winnipeg). All students who participated received free bookmarks, loonies and notebooks. The 10 grand prize winners won mountain bikes courtesy of Canadian Tire.

Ten mountain bikes courtesy of Canadian Tire were awarded from a draw and presented by Manitoba Conservation Assistant Deputy Minister, Serge Scrafield, at the Regent Avenue Canadian Tire store, May 27.



Ashley Clark from Ecole MacNeil in Dauphin was presented with her bike before the entire school by Todd Tarrant of Eco Oil Recycling and Darrin Penny of the Dauphin Canadian Tire.

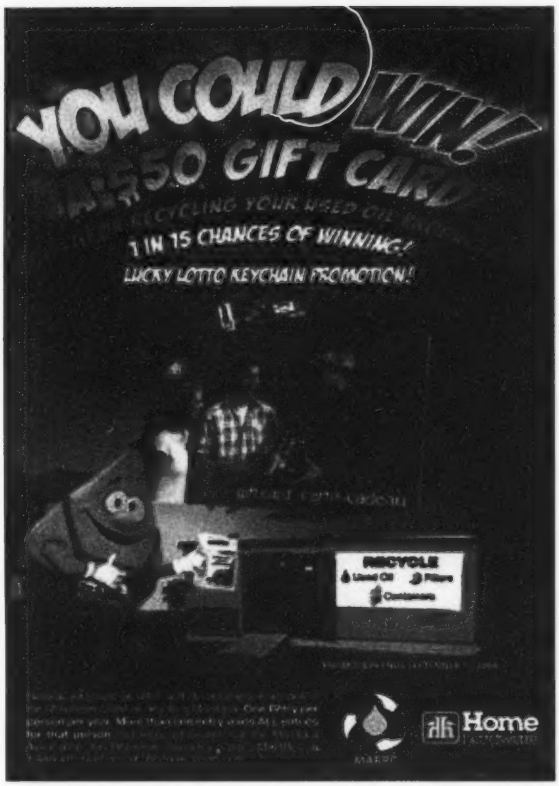


Notebooks

Promotional items awarded to all participants

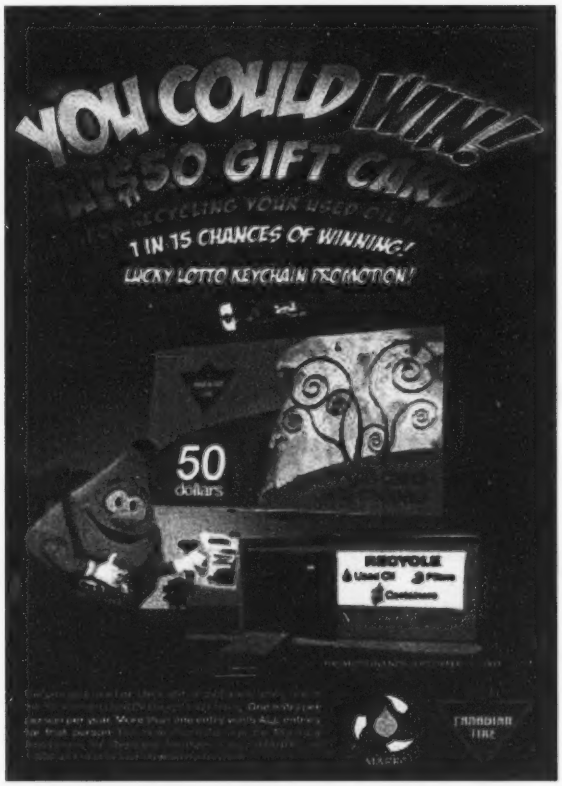
Toques

Highlights of 2009



EcoSummer–Rural

MARRC developed its 6th Lucky Lotto Keychain promotion, This promotion was participated with Home Hardware. There was a specific "call to action"... Recycle and you could win! WIN a $50 gift certificate just for dropping off your used oil products! There was a 1 in 15 chance to win (see flyer above). MARRC distributed posters to all Home Hardware locations and the 65 EcoCentres and licensed rural collection facilities. A record 3,460 keychains were distributed (one per person) upon delivery of the used oil products.

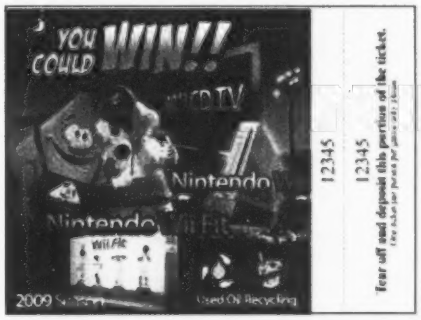


EcoSummer–City of Winnipeg

The Winnipeg network of 10 licensed collection depots including the 6 Canadian Tire sites participated in a separate Lucky Lotto Keychain promotion for the City of Winnipeg. Keychains were distributed in response to the receipt of used oil, filters and container products. MARRC secured numerous $50 gift certificates from its Partner for a Clean Environment, Canadian Tire.

Highlights of 2009

MARRC participated as a key partner with the Winnipeg Goldeyes professional baseball team. The partnership included advertising in 104 games on the radio with 60 second commercials featuring the used oil recycling jingle and a specific message regarding the EcoSummer promotion. MARRC also participated in 12 games at the entrance promenade with the fans, including an on-field introduction of Mr. Oil Drop for "Race the Mascot" each game. Bookmarks were also handed out to the fans. (Attendance averaged 6,000 per game).



MARRC at the same time produced an exciting promotion whereby each fan was presented with a Lucky Lotto Sweepstakes Ticket for a chance to win a Nintendo Wii and Wii Fit at each of the 12 selected home games. A 42" LCD TV was the grand prize. 30,000 fans in total entered the promotion. Fan interest was overwhelming. Public address on-field announcements were made during the Race the Mascot, promoting the recycling of used oil. Also the winners were projected on the Jumbotron.

Mr. Oil Drop with Goldie and child who "Raced the Mascot"

Mr. Oil Drop with the children at the Stadium

Sign held at promenade entrance created excitement for the promotion

Highlights of 2009

Steinbach - Oil Recycling Day!

oil recycling day!!
Thursday, June 11, 11am to 2pm
Bring your used oil to the Eco Centre at the Steinbach Landfill (104 Hanover Rd E) and receive new oil FREE!
For every 5L of used oil you bring, you will receive 1L of Co-op 10W-30 oil FREE.
Enjoy a barbecued European wiener and drink for $1. All proceeds go to Southeast Helping Hands.
For more info visit www.steinbach.ca or call 346-6532.

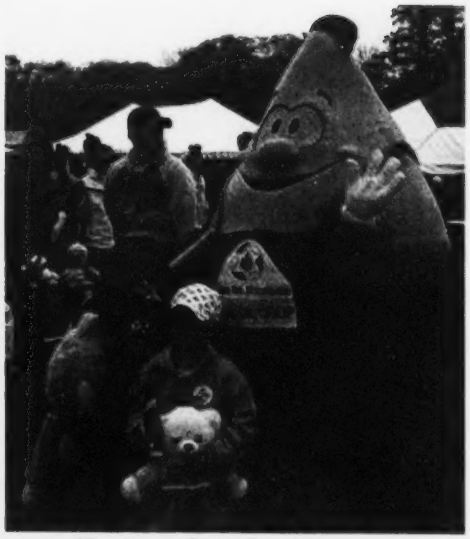
On June 11, 2009 from 11:00am – 2:00pm people were encouraged to bring in their used oil products. Over the 3 hours, 2,850 litres of oil was received at the Steinbach Eco Centre.

Village of Dunnottar - Recycle, Compost & Trash Waste Day!

On August 9, 2009 at the Matlock Recreation Centre, Council held a Waste Day where information was distributed on Used Oil Products as well as Composting, E-waste and Household Hazardous Waste Products. Information on various new waste strategies to protect Lake Winnipeg and to conserve the Village Landfill was also provided.

Highlights of 2009

Teddy Bear's Picnic



On Sunday May 31, 2009, Mr. Oil Drop along with 40,000 people attended the 23rd Annual Teddy Bear's Picnic for a day of health education, fun activities and entertainment. MARRC also distributed Bookmarks to the Children.

MARRC Participated with the Northern Association of Community Councils.

MARRC participated in the Northern Association of Community Councils (NACC) 39th Annual tradeshow at the Marlborough Hotel in Winnipeg August 18 – 19. The NACC represents the interests of 52 northern and remote communities under the jurisdiction of aboriginal and northern affairs. Over 200 delegates from the northern communities federal and provincial affiliates, private sector and non-profit organizations attended.

NORTHERN ASSOCIATION of Community Councils

EcoCentre / Collection Depot network maturing at 76

MARRC's rural network of EcoCentres stands at 53 exceeding the minimum network objective established by the province's multi stakeholder Used Oil Management Committee in 1996. The network includes the northern locations of The Pas, Flin Flon and Thompson, plus Cranberry Portage, Grand Rapids and Fisher Branch

In addition there are 23 other facilities licensed by Manitoba Conservation for the collection of used lubricating products including 10 locations in Winnipeg (6 of which are Canadian Tire).

Training and audits promote safety and compliance

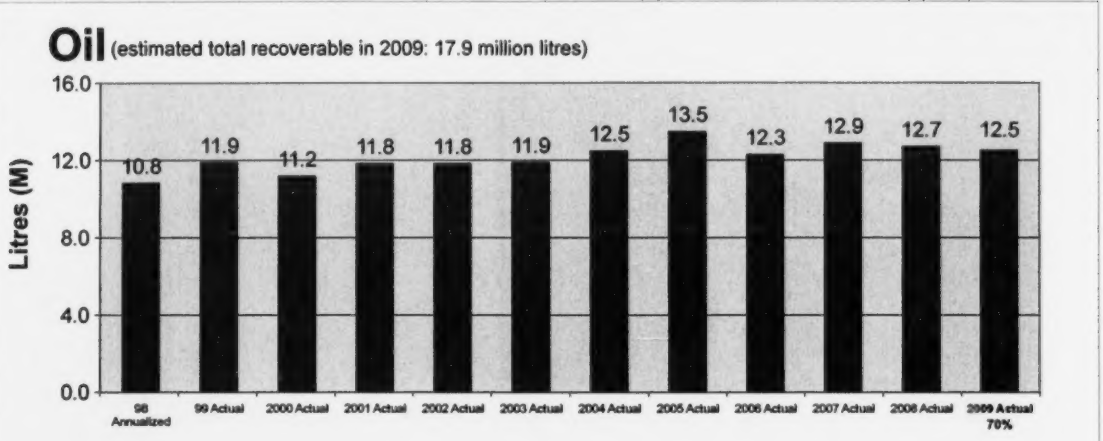
MARRC, as part of its contractual arrangements with owners/operators of collection facilities, provides initial and recurrent on-site training for management and staff. The training, and follow-up audits are designed to promote a safe operation and compliance with each facility's operating license issued by Manitoba Conservation. During 2009, inspections were conducted at all of the licensed EcoCentre and collection depot facilities in the province.

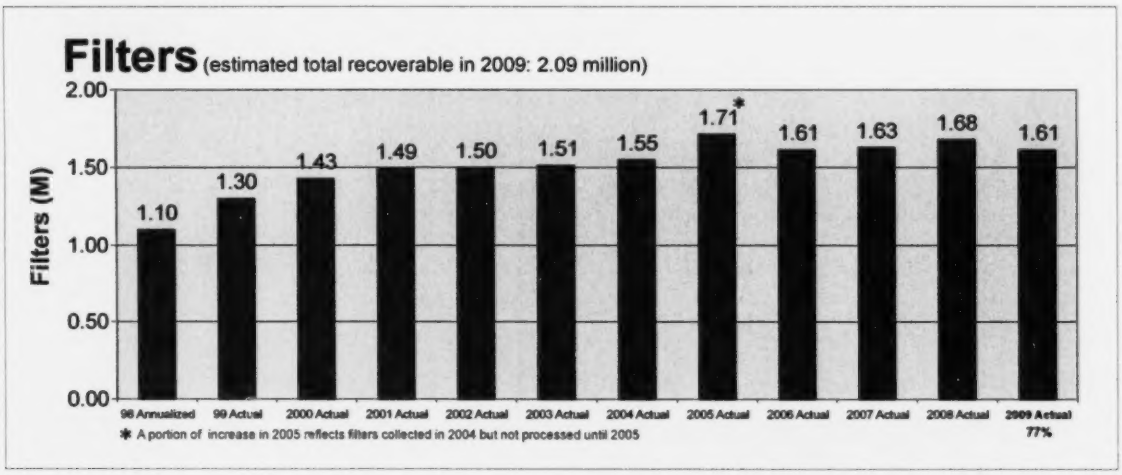
Collection volumes for 2009 extending in all zones

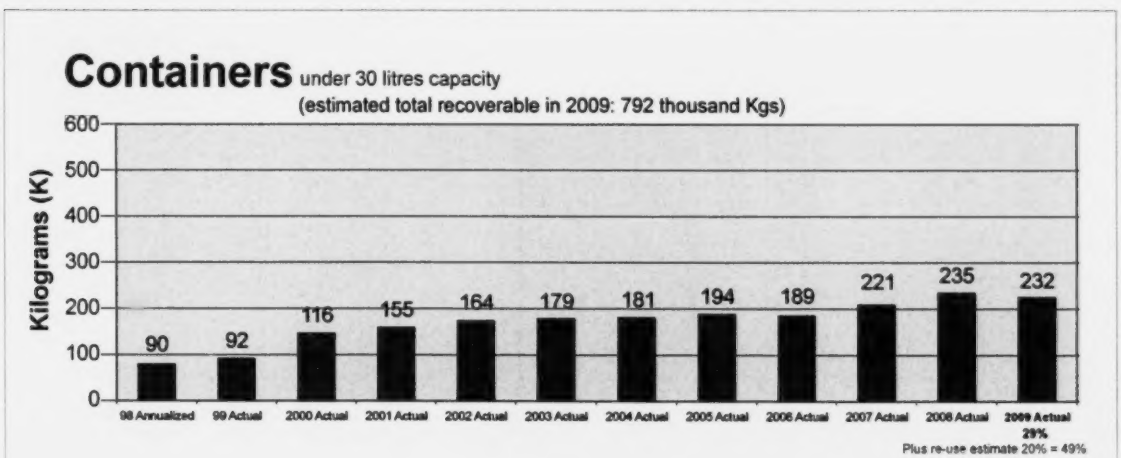
- Used Oil: 12.5 million litres (70% of total recoverable) – based upon 35% Consumed in Use
- Used Oil Filters: 1.61 million (77% of total recoverable) – based upon 135 filters per drum
- Used Oil Containers: 232,000 kilograms (29% of total recoverable + 20% re-used *)

* Source: Pulse Research Ltd. Container Study 2004/2005

Collection Activity by Product

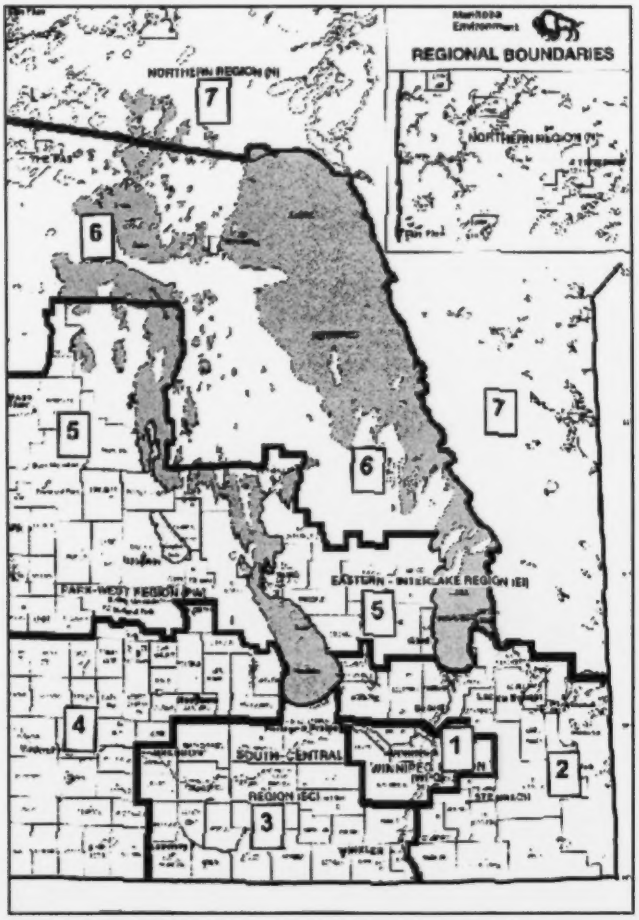






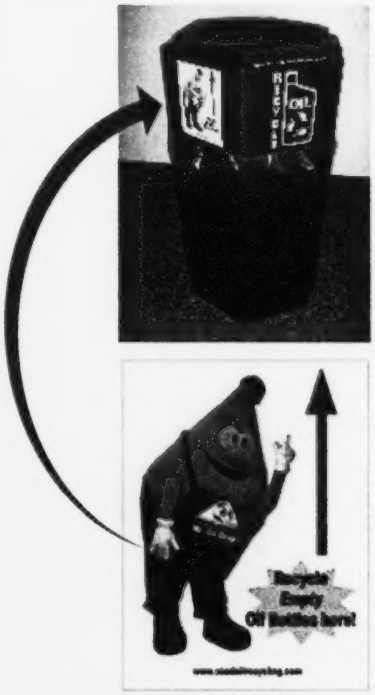
MARRC – Making every drop count

Collection Activity by Zone



Containerization at Pump Island

Winnipeg Pilot Project at
36 Retail Gasoline Locations



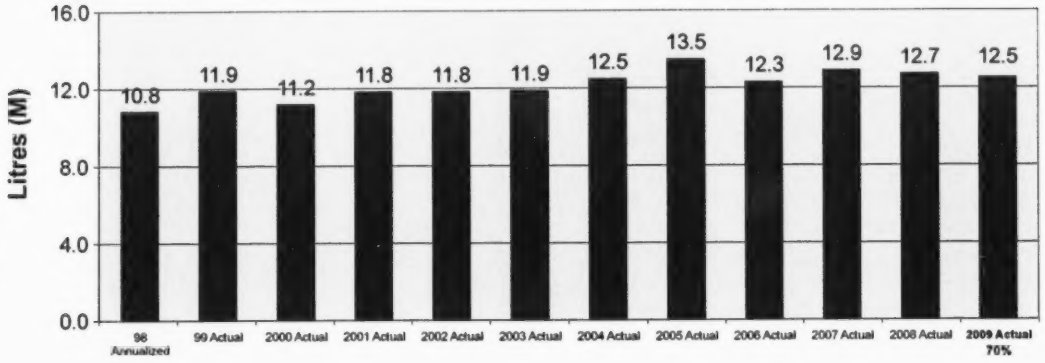
Collection Percentages by Zone

Zone ►	1		2		3		4		5		6		7	
	'09	'08	'09	'08	'09	'08	'09	'08	'09	'08	'09	'08	'09	'08
Oil	61	62	8	8	15	15	4	4	5	5	1	1	6	5
Filters	51	54	10	10	21	19	7	7	7	6	1	1	3	3
Containers	38	38	12	12	19	18	10	9	12	13	1	2	8	8

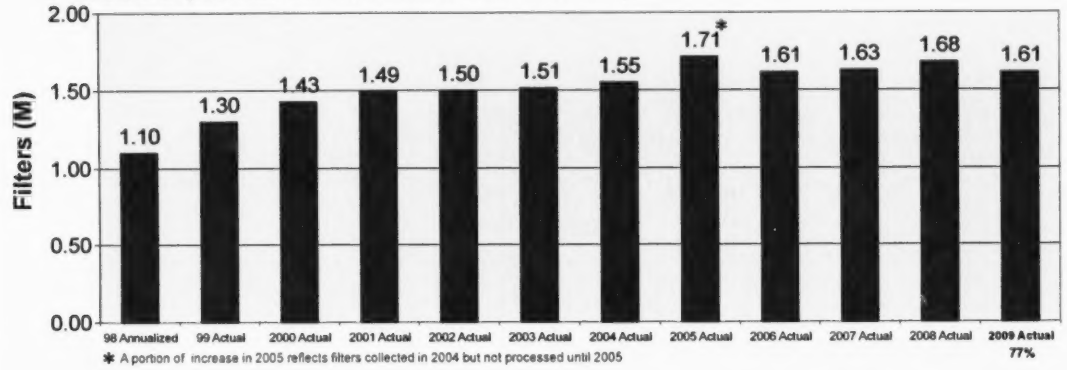
%

Collection Activity by Product

Oil (estimated total recoverable in 2009: 17.9 million litres)

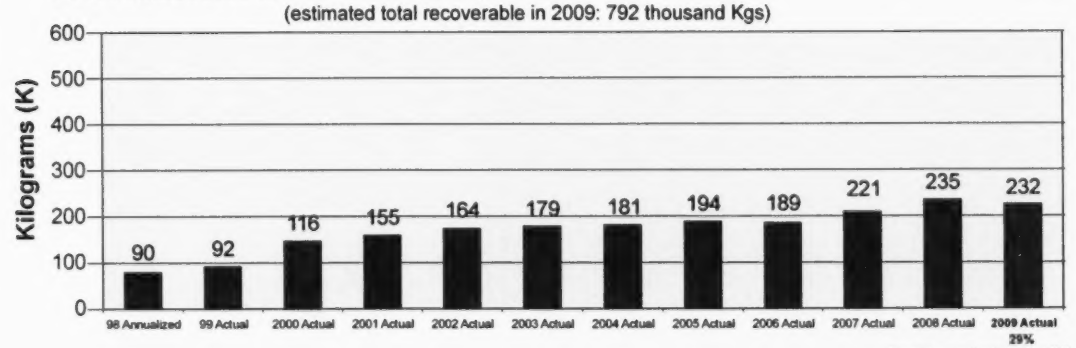


Filters (estimated total recoverable in 2009: 2.09 million)



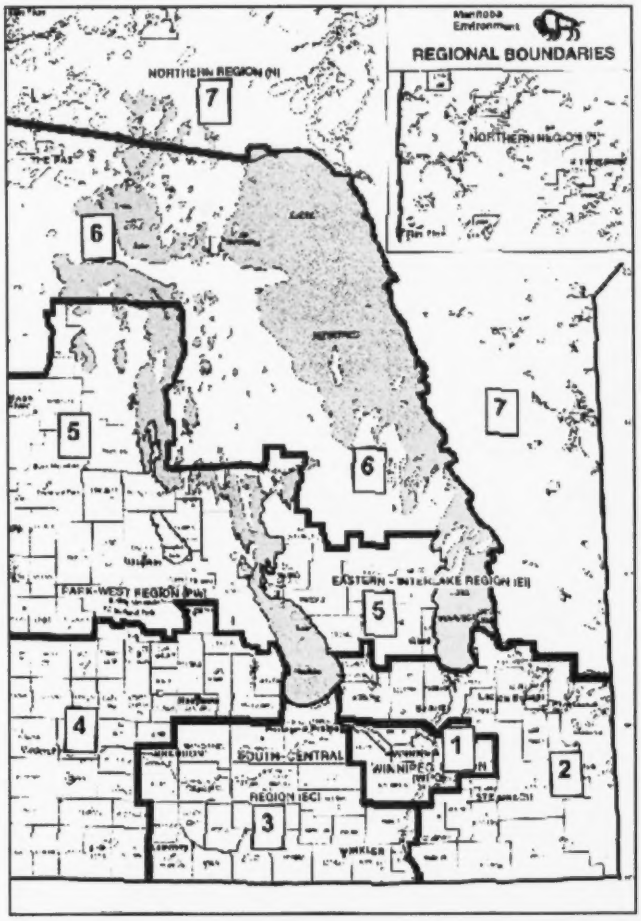
* A portion of increase in 2005 reflects filters collected in 2004 but not processed until 2005

Containers under 30 litres capacity
(estimated total recoverable in 2009: 792 thousand Kgs)



Plus re-use estimate 20% = 49%

Collection Activity by Zone



Containerization at Pump Island

Winnipeg Pilot Project at
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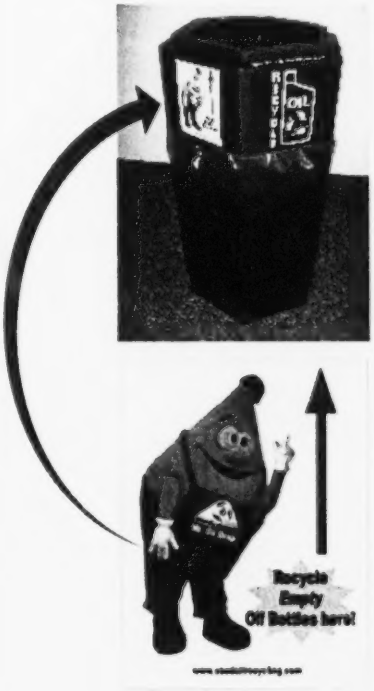
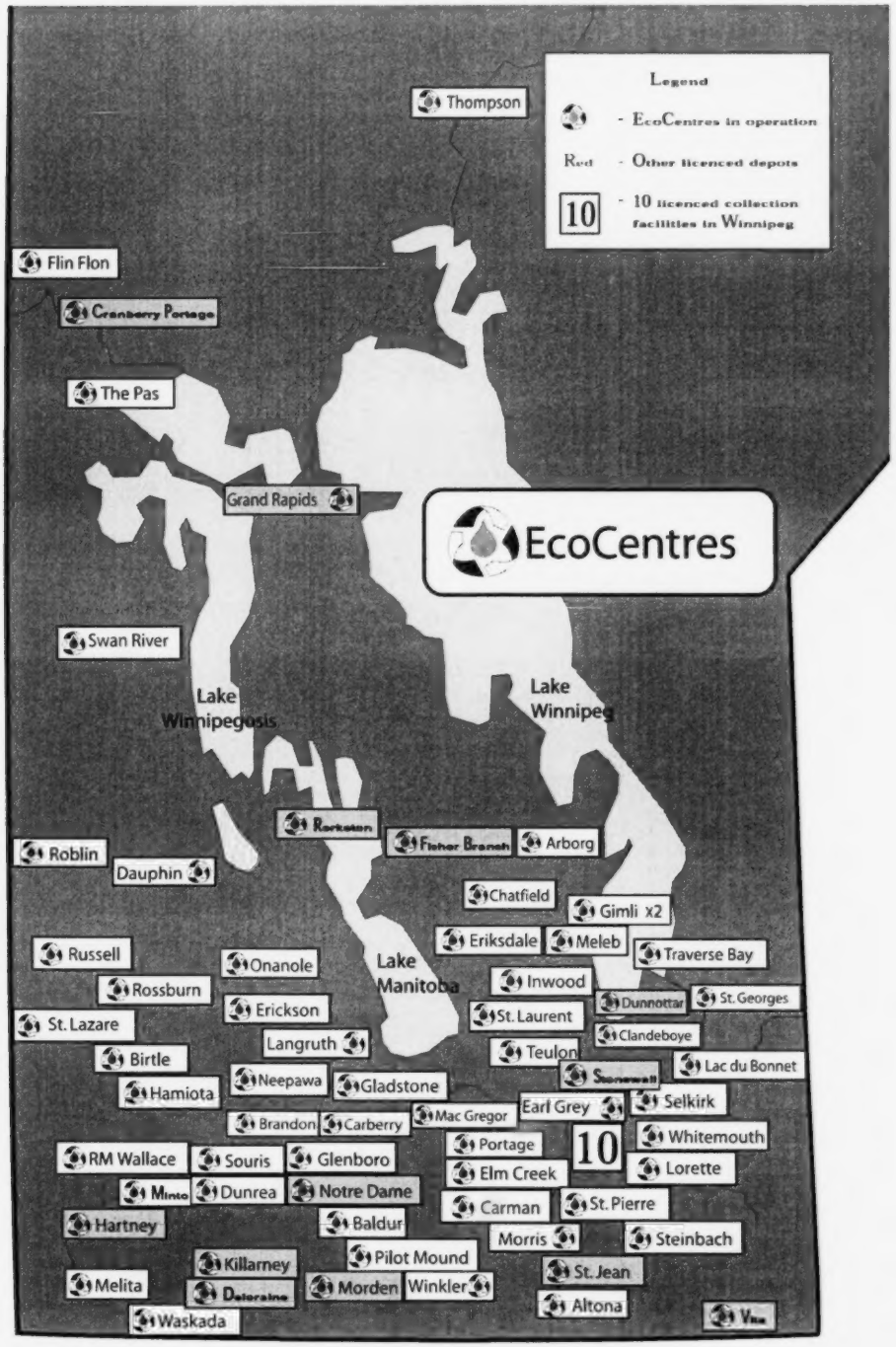


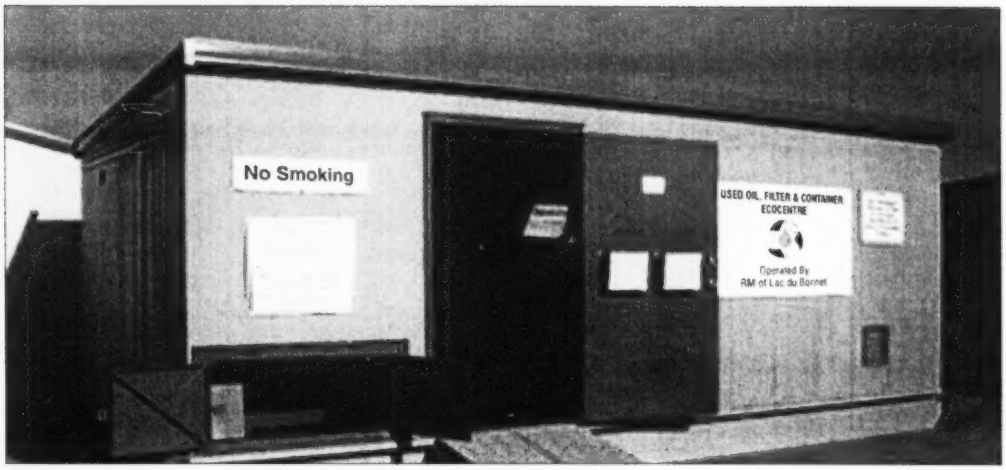
Collection Percentages by Zone

Zone ►	*1*		*2*		*3*		*4*		*5*		*6*		*7*	
	'09	*'08*	*'09*	*'08*	*'09*	*'08*	*'09*	*'08*	*'09*	*'08*	*'09*	*'08*	*'09*	*'08*
Oil	61	62	8	8	15	15	4	4	5	5	1	1	6	5
Filters	51	54	10	10	21	19	7	7	7	6	1	1	3	3
Containers	38	38	12	12	19	18	10	9	12	13	1	2	8	8

%

EcoCentre Network at December 31, 2009





EcoCentres

	Location	Owner/Operator
1	Steinbach	City of Steinbach
2	Carman	Town of Carman
3	Melita	S K L Enterprises Ltd.
4	Altona	Town of Altona / RM of Rhineland
5	Neepawa	Town of Neepawa
6	Selkirk	City of Selkirk
7	Russell	Town of Russell / RM of Russell / RM of Silver Creek
8	Glenboro	RM of South Cypress / Village of Glenboro
9	Minto	RM of Whitewater
10	Pilot Mound	Town of Pilot Mound
11	Baldur	RM of Argyle
12	Swan River	Town of Swan River
13	Hamiota	Town of Hamiota
14	Inwood	RM of Armstrong
15	Chatfield	RM of Armstrong
16	Meleb	RM of Armstrong
17	Virden	RM of Wallace
18	Arborg	Town of Arborg / RM of Bifrost / Village of Riverton
19	Gladstone	Town of Gladstone
20	Rossburn	Town of Rossburn / RM of Rossburn
21	Portage la Prairie	Portage & District Recycling Inc.
22	Teulon	Town of Teulon / RM of Rockwood
23	Brandon	City of Brandon
24	Earl Grey	RM of St. Andrews
25	Langruth	RM of Lakeview
26	Elm Creek	RM of Grey
27	The Pas	Town of The Pas

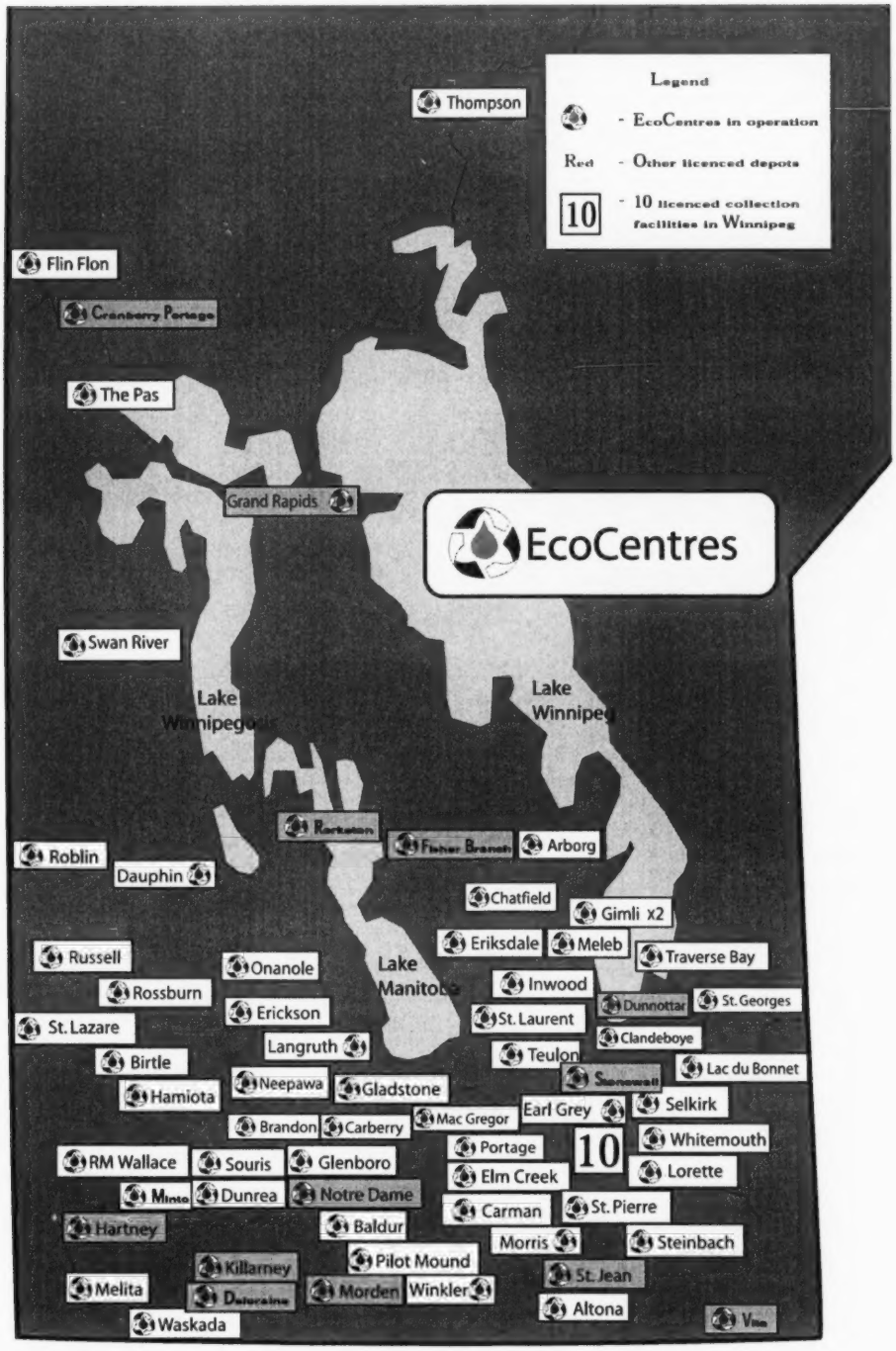
	Location	Owner/Operator
28	Winkler	City of Winkler
29	Morris	Town of Morris
30	St. Georges	RM of Alexander
31	Traverse Bay	RM of Alexander
32	Clandeboye	RM of St. Andrews
33	Dauphin	EcoOil Recycling Centre
34	Lac du Bonnet	RM of Lac du Bonnet
35	Waskada	RM of Brenda / Village of Waskada
36	Carberry	RM of North Cypress
37	Thompson	Thompson Recycling Centre
38	St. Laurent	RM of St. Laurent
39	Erickson	Town of Erickson / RM of Clanwilliam
40	Eriksdale	RM of Eriksdale
41	Flin Flon	City of Flin Flon
42	Dunrea	RM of Riverside
43	MacGregor	RM of North Norfolk / Village of MacGregor
44	Roblin	RM of Shell River / RM of Hillsburg
45	Onanole	RM of Park
46	Gimli	RM of Gimli
47	Arnes	RM of Gimli
48	Whitemouth	RM of Whitemouth / RM of Reynolds / North Whiteshell Provincial Park
49	St. Lazare	RM of Ellice / Village of St. Lazare
50	St. Pierre	RM of De Salaberry / Village of St. Pierre-Jolys
51	Lorette	RM of Taché
52	Souris	Town fo Souris / RM of Glenwood
53	Birtle	Town of Birtle / RM of Birtle

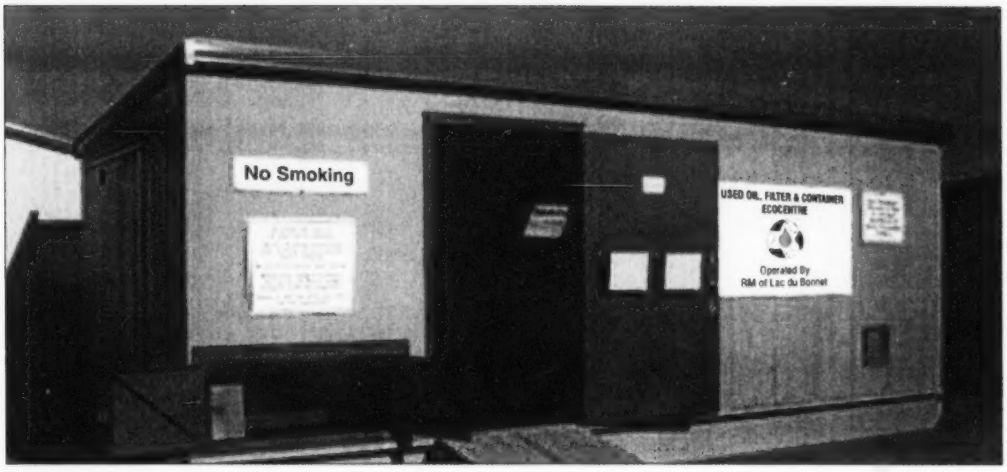
Other Licenced Collection Facilities

1	Winnipeg	A-1 Environmental Services 1447 Dugald Road
2	Winnipeg	Enviro West Inc. 1090 Kenaston Blvd.
3	Winnipeg	Miller Environmental Corporation 65 Trottier Bay
4	Winnipeg	WRS Waste & Recycling Services 940 Redonda
5	Winnipeg	Canadian Tire Garden City 2303 McPhillips
6	Winnipeg	Canadian Tire East Kildonan 1519 Regent Ave.
7	Winnipeg	Canadian Tire Polo Park 750 St. James
8	Winnipeg	Canadian Tire Fort Garry McGillvray & Kenaston
9	Winnipeg	Canadian Tire St. Boniface Fermor & Beaverhill
10	Winnipeg	Canadian Tire Unicity 3615 Portage Ave.
11	Stonewall	Southside Service

12	Notre Dame	Jean Farms Ltd.
13	Morden	Pembina Valley Containers Ltd.
14	Hartney	Southwest Recycling
15	Grand Rapids	ET Developments Ltd.
16	Killarney	Town of Killarney
17	St. Jean	Miller Environmental Corporation
18	Dunnottar	Village of Dunnottar
19	Cranberry Portage	LUD of Cranberry Portage
20	Rorketon	RM of Lawrence
21	Vita	RM of Stuartburn
22	Deloraine	RM of Winchester
23	Fisher Branch	RM of Fisher

EcoCentre Network at December 31, 2009





EcoCentres

	Location	Owner/Operator
1	Steinbach	City of Steinbach
2	Carman	Town of Carman
3	Melita	S K L Enterprises Ltd.
4	Altona	Town of Altona / RM of Rhineland
5	Neepawa	Town of Neepawa
6	Selkirk	City of Selkirk
7	Russell	Town of Russell / RM of Russell / RM of Silver Creek
8	Glenboro	RM of South Cypress / Village of Glenboro
9	Minto	RM of Whitewater
10	Pilot Mound	Town of Pilot Mound
11	Baldur	RM of Argyle
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16	Meleb	RM of Armstrong
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45	Onanole	RM of Park
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47	Arnes	RM of Gimli
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8	Winnipeg	Canadian Tire Fort Garry McGillvray & Kenaston
9	Winnipeg	Canadian Tire St. Boniface Fermor & Beaverhill
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12	Notre Dame	Jean Farms Ltd.
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20	Rorketon	RM of Lawrence
21	Vita	RM of Stuartburn
22	Deloraine	RM of Winchester
23	Fisher Branch	RM of Fisher

Manitoba Association for Resource Recovery Corp.

Financial Statements
December 31, 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

March 10, 2010

Auditors' Report

To the Members of
Manitoba Association for Resource Recovery Corp.

We have audited the balance sheet of **Manitoba Association for Resource Recovery Corp.** ("the Corporation") as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

MARRC - Making every drop count

Manitoba Association for Resource Recovery Corp.

Balance Sheet

As at December 31, 2009

	2009 $	2008 $
Assets		
Current assets		
Cash and short-term investments	1,996,944	2,184,648
Environmental handling charges receivable	796,708	685,222
Accrued interest receivable	36,763	39,906
Other receivables	-	121,669
Prepaid expenses and deposits	905	905
	2,831,320	3,032,350
Capital assets		
Office furnishings, equipment and leaseholds	24,451	23,595
Less: Accumulated amortization	21,600	19,691
	2,851	3,904
	2,834,171	3,036,254
Liabilities and Net Assets		
Current liabilities		
Return and processing incentives payable	159,435	232,162
Accounts payable and accrued liabilities	206,049	237,950
	365,484	470,112
Net Assets		
Unrestricted	2,465,836	2,562,238
Invested in capital assets	2,851	3,904
	2,468,687	2,566,142
	2,834,171	3,036,254

Commitments (note 3)

Approved by the Board of Directors

Director

Director

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Manitoba Association for Resource Recovery Corp.

Statement of Changes in Net Assets

For the year ended December 31, 2009

			2009	2008
	Unrestricted $	**Invested in capital assets $**	**Total $**	**Total $**
Balance - Beginning of year	2,562,238	3,904	2,566,142	2,548,135
Excess of (expenses over revenue) revenue over expenses	(95,546)	(1,909)	(97,455)	18,007
Purchase of capital assets	(856)	856	-	-
Balance - End of year	2,465,836	2,851	2,468,687	2,566,142

Manitoba Association for Resource Recovery Corp.

Statement of Operations

For the year ended December 31, 2009

	2009 $	2008 $
Revenue		
Environmental handling charges	3,115,165	3,203,364
Investment income	79,242	96,256
Membership fees	1,400	600
	3,195,807	3,300,220
Expenses		
Return and processing incentives	2,573,633	2,624,215
EcoCentre support costs (note 4)	257,570	268,313
Wages, contract and benefits	172,833	166,938
Public relations and promotion (note 5)	134,948	126,662
Professional fees	39,387	56,571
Compliance reviews	29,972	23,660
Rent	20,421	15,733
Office and administration	20,199	27,728
Director fees and expenses	12,099	10,069
Travel and automobile	12,065	10,520
Insurance	7,603	7,525
Telephone and fax	5,686	5,795
Meetings	2,909	5,635
Amortization	1,909	1,738
Bank charges and interest	1,028	1,115
Bursaries	1,000	3,000
Containerization	-	5,640
	3,293,262	3,360,857
Excess of expenses over revenue before the following	(97,455)	(60,637)
Recovery of costs from settlement	-	78,644
Excess of (expenses over revenue) revenue over expenses	(97,455)	18,007

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Manitoba Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 2009

	2009 $	2008 $
Cash provided by (used in)		
Operating activities		
Excess of (expenses over revenue) revenue over expenses	(97,455)	18,007
Item not affecting cash		
Amortization	1,909	1,738
	(95,546)	19,745
Net change in non-cash working capital items	(91,302)	31,900
	(186,848)	51,645
Investing activities		
Restricted cash	-	50,068
Purchase of capital assets	(856)	-
	(856)	50,068
Increase (decrease) in cash	(187,704)	101,713
Cash and short-term investments - Beginning of year	2,184,648	2,082,935
Cash and short-term investments - End of year	1,996,944	2,184,648
Cash and short-term investments consists of		
Cash in bank	92,241	260,777
Guaranteed investment certificates	1,904,703	1,923,871
	1,996,944	2,184,648

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1 Incorporation and purpose

The Corporation was formed by oil and oil filter first sellers in Manitoba to develop, implement and administer a used lubricating products stewardship program in the province and began operation on January 1, 1997. The Corporation was incorporated as a not-for-profit corporation without share capital under The Corporations Act of Manitoba on April 1, 1997. On February 26, 1998, the Corporation received approval to operate its used lubricating products stewardship program from the Minister of Environment, Province of Manitoba.

As a non-profit corporation, no provision for corporate income taxes has been made in these financial statements pursuant to paragraph 149(1)(l) of the Income Tax Act.

2 Significant accounting policies

Changes in accounting policies

The following accounting standard changes referenced by the Canadian Institute of Chartered Accountants ("CICA") handbook sections are effective for the Corporation's fiscal year beginning January 1, 2009:

Financial instruments

The Accounting Standards Board ("AcSB") issued CICA 3862, *"Financial Instruments - Disclosures"*, and CICA 3863 *"Financial Instruments - Presentation"*. These pronouncements establish standards for presentation of financial instruments and non-financial derivatives and identify the information that should be disclosed.

In December 2008, these sections were amended to permit not-for-profit organizations (NPOs) to apply CICA 3861 *"Financial Instruments - Disclosure and Presentation"* in their place. CICA 3861 was previously adopted by the Corporation effective January 1, 2007.

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Not-for-profit organizations

In 2008, the CICA issued a series of amendments to existing standards for NPOs. Section 4400 - "*Financial Statement Presentation by Not-for-Profit Organizations*" has been amended to clarify the different treatment accorded internal and external restrictions on net assets, reporting revenue gross versus net and guidance related to the application of the generally accepted accounting principles hierarchy and capital assets standards. This amendment also requires NPOs to apply the same standard as profit-oriented enterprises with respect to interim financial statements and statements of cash flows. Section 4470 - "*Disclosures of Allocated Expenses by Not-for-Profit Organizations*" requires additional disclosure on the nature of the expenses being allocated, the basis on which such allocations have been made, and the expense functions to which they have been allocated should expenses be presented in this manner.

Management has determined that the adoption of these amendments did not impact the financial statement disclosures for the current fiscal year.

Capital disclosures

CICA 1535 "*Capital Disclosures*" requires an entity with externally imposed capital requirements to disclose the nature of those requirements and how an entity manages its capital to meet them. Furthermore, the entity is required to disclose compliance with the requirements and if it has not complied, the consequences of such non-compliance. Management has included these additional disclosures in note 7.

Future accounting changes

Accounting standards for private enterprises

The AcSB issued a comprehensive set of accounting standards and guidelines applicable to private enterprises. A private enterprise whose financial statements comply with these standards and guidelines will state that its financial statements are in compliance with Canadian generally accepted accounting principles ("GAAP") for private enterprises. The standards and guidelines will apply for fiscal years beginning on or after January 1, 2011 and will require retroactive application except for certain exceptions contained within the standards. The AcSB has proposed that NPOs will have the same reporting options as Canadian private enterprises in addition to the existing standards for NPOs. Management is currently assessing the impact of the adoption of such standards and guidelines.

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Significant accounting policies are as follows:

Short-term investments

Short-term investments consist of Guaranteed Investment Certificates ("GICs"). Purchases and sales of investments are recognized using trade date accounting. Transaction costs attributable to the investments are netted to investment income.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization of office furnishings, equipment and leaseholds is calculated on a straight-line basis at an annual rate of 20% based on the estimated useful lives of these assets.

Revenue recognition

- Environmental handling charges

  Revenue from environmental handling charges is recognized in the year for which suppliers and end-users assess it, as regulated by the Used Oil, Oil Filters and Containers Stewardship Regulation.

- Investment income

  Interest income is recognized when earned and is recorded as investment income in general operations if related to unrestricted funds, or in restricted operations if related to restricted funds.

- Membership fees

  The one-time membership fees are recorded as revenue when the participating companies join the Corporation.

All revenues have been recorded at their gross amount.

Return and processing incentives

The return and processing incentives are recognized as an expense in the year to which the claim relates.

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Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Financial instruments

Fair values

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments.

Classification

Short-term investments	Held for trading
Environmental handling charges receivable	Loans and receivables
Accrued interest and other receivables	Loans and receivables
Return and processing incentives payable	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

Held for trading ("HFT")

Short-term investments are designated as HFT. Investment income arising from these financial assets is recognized in operations in the year it is earned. Investments are recorded at fair value being the quoted market value on December 31, 2009, which approximates the last bid price.

Loans and receivables

Environmental handling charges receivable, accrued interest and other receivables are designated as loans and receivables and are measured at amortized cost. Revenue arising from these items is recognized in operations in the year it arises.

Other liabilities

Return and processing incentives payable and accounts payable and accrued liabilities are designated as other financial liabilities and are measured at amortized cost. Expenses arising from these items are recognized in operations in the year they arise.

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3 Commitments

Operating lease

The annual minimum rental for leased premises under a lease to February 28, 2013 is as follows:

	$
Fiscal year ending December 31, 2010	15,651
2011	15,694
2012	15,694
2013	2,616

EcoCentres

The Corporation has entered into three-year renewal agreements with 60 EcoCentres and licensed collection facilities that were established to provide no-cost drop-off centres for used oil materials.

As part of its contractual agreement with each EcoCentre owner-operator, the Corporation is committed to provide annual operating support until July 31, 2010. The operating support payment for the EcoCentres currently in operation is estimated to be as follows:

	$
Fiscal year ending December 31, 2010	227,000

4 EcoCentre support costs

	2009 $	2008 $
Operating support	237,897	254,255
Operational audits, training and supplies	14,545	14,058
Investment support	5,128	-
	257,570	268,313

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5 Public relations and promotion

	2009 $	2008 $
EcoSummer	52,606	48,926
Youth Awareness	45,946	51,131
Winnipeg Goldeyes Baseball Club Inc.	20,372	16,301
Green Manitoba Calendar	8,000	5,000
Website	299	2,834
Advertising and promotional material	2,616	2,470
Mascots	5,109	-
	134,948	126,662

6 Financial instruments

The Corporation manages risk and risk exposures by applying policies approved by the Board of Directors.

Credit risk

The Corporation is exposed to credit risk through its environmental handling charges receivable. The risk is minimized due to the large registrant base.

Interest rate risk

The Corporation's exposure to interest rate risk pertains to short-term investments, which are subject to future changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. A range of alternatives is available to the Corporation including cash flow provided by operations, debt or a combination thereof. The Corporation expects to be able to meet its financial obligations in the foreseeable future.

7 Capital management

The Corporation defines capital as net assets comprised of investment in capital assets and unrestricted funds. Capital is managed in accordance with policies established by the Board of Directors. The Corporation's objectives when managing its capital are to maintain its not-for-profit status and to safeguard the entity's ability to continue as a going concern. The Corporation is obligated to utilize its unrestricted net assets in future years, to fund the return and processing incentives, the operation of EcoCentres and to provide stakeholder communication and public education materials for the used lubricating products stewardship program.

MARRC - Making every drop count

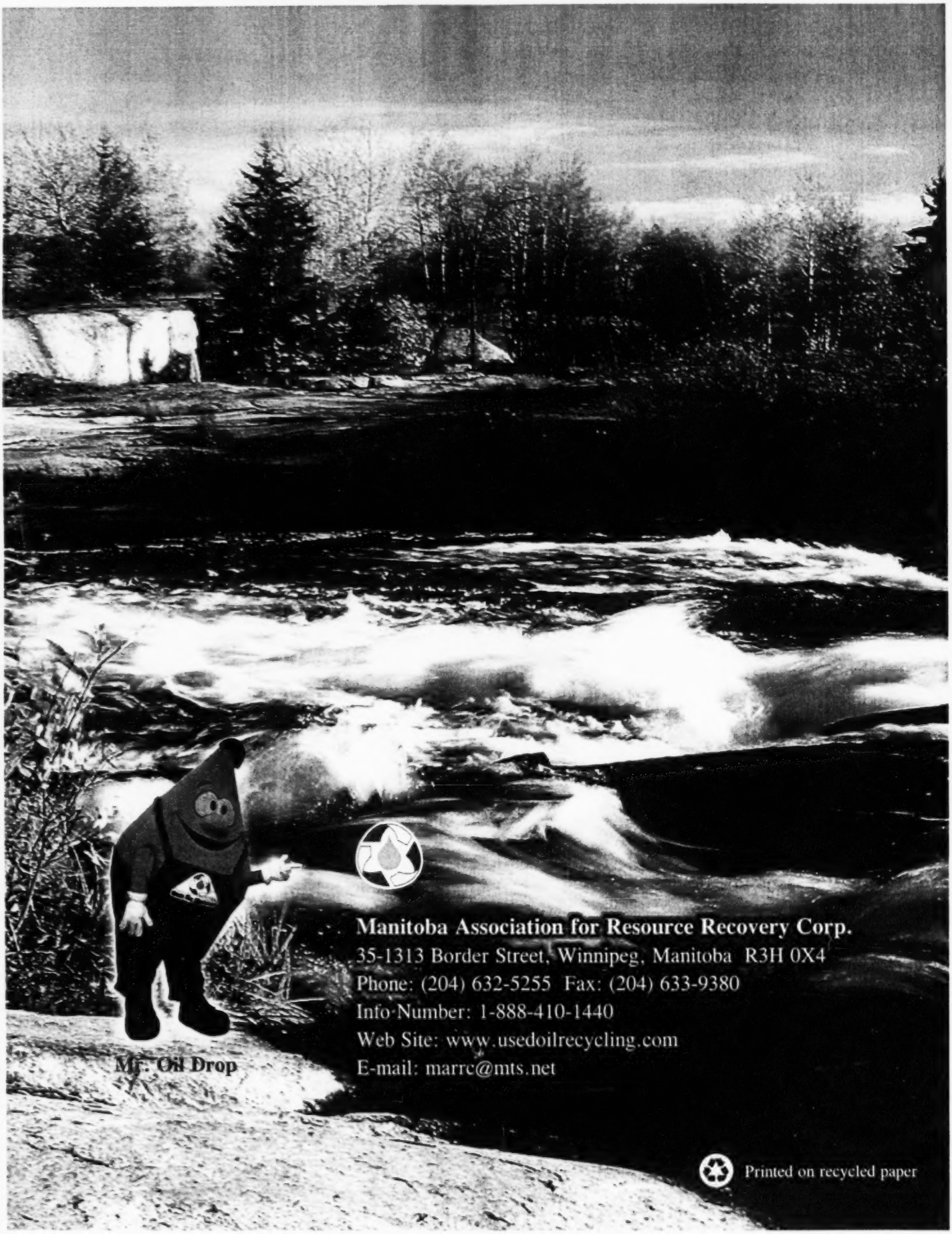
Manitoba Association for Resource Recovery Corp.

Board of Directors and Staff

Back Row:
Lutz Ehrentraut, Keith Penner, Paul Miller, Ron Benson (Executive Director).

Front Row:
Aaron Strub (Administrative Services Manager), Richard Waller,
Keith Micklash (Secretary-Treasurer), Joe Casciano (Chairman).

MARRC Making every drop count


Mr. Oil Drop
Manitoba Association for Resource Recovery Corp.
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